

Exhibit 7

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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 -----x
4)
5 SECURITIES AND EXCHANGE COMMISSION,)
6)
7 Plaintiff,) 19 Civ. 9439 (PKC)
8)
9 v.)
10)
11 TELEGRAM GROUP INC. and)
12 TON ISSUER INC.,)
13)
14 Defendants.)
15 -----x

16
17
18 CONFIDENTIAL
19 VIDEOTAPED DEPOSITION OF
20 SHYAM PAREKH
21 December 10, 2019

22
23 Taken at:
24 Skadden, Arps, Slate, Meagher & Flom (UK) LLP
25 40 Bank Street
Canary Wharf
London, E14 5DS

Reported by:
AILSA WILLIAMS,
Certified Court Reporter
JOB No. 191210MWC

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1 A. Yes.

2 Q. Did he indicate to you why they had
3 made that decision, what factors had come into
4 play, given what you have just indicated?

5 MR. DRYLEWSKI: I am going to give the
6 same instruction I gave on the last question.

7 A. I can only say what I said before,
8 which is that, as there was perceived to be
9 meaningful regulatory uncertainty, John said that
10 we, the proverbial "we" decided that we should
11 take a safer, as safe as possible approach and
12 deal only with highly sophisticated institutional
13 investors in a proper, organized private
14 placement.

15 Q. Did you have any understanding
16 that -- in one of my prior questions I made
17 reference to an initial private raise of
18 600 million and then a public raise of
19 600 million. Did you have an understanding that
20 that was the amount Telegram was initially
21 considering raising, prior to your joining the
22 company?

23 A. First of all, can your colleague
24 hear now? Is that okay, just to check.

25 MR. McGRATH: Jorge, can you hear the

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1 meaningful, because the price will be what it will
2 be, based on supply and demand for any currency,
3 dollar, euro, pound. It will be up, down,
4 sideways. It has nothing to do with the reference
5 price.

6 Q. Do you have any understanding that
7 there has been reference made in documents that
8 Telegram has communicated to the initial
9 purchasers that the price of Grams at the time of
10 launch will be set at approximately \$3.62?

11 MR. DRYLEWSKI: Objection to form. If
12 you want to show him the documents that you are
13 referencing, he is happy to review them and answer
14 the questions with the documents in front of him.

15 MR. McGRATH: Right. Do you need to
16 look at the document to answer that question or
17 can you answer the question without me showing you
18 the document?

19 A. I can answer the general, and what I
20 would say as a general matter is that any such
21 calculation of a reference price was purely a
22 mathematical output and is not a reflection of
23 what any of us or any of the investors actually
24 expected the actual price to be. There was a very
25 clear understanding internally, and with the

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1 investors I spoke to at least that supply and
2 demand would set the actual market price
3 independent of whatever reference price is
4 involved.

5 Q. That was not my question. I was not
6 asking you what your understanding of what the
7 investors thought, at least not yet. My
8 understanding is -- do you have any recollection
9 that there was an indication in offering documents
10 that the price of Grams would be set at \$3.62
11 approximately, at the time of launch of the TON
12 Blockchain?

13 MR. DRYLEWSKI: Same objection. If you
14 want to point him to a document to help him on
15 this, we are more than happy.

16 MR. McGRATH: It is fine.

17 A. I think we would have to look at the
18 document. As I say, I don't personally recognize
19 the way in which that question is being phrased.

20 Q. We can come back to that. During
21 the initial -- what we call the first round of the
22 initial offering, was there more demand for
23 investors to subscribe to that offering than the
24 \$850 million that was allocated to the offering?

25 A. Yes. The volume or value,

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1 Did Mr. Hyman ever tell you that he had
2 heard from any third-party that people were
3 willing to pay up to a dollar per Gram in the
4 secondary market during the time that the initial
5 offering was taking place?

6 A. No, he didn't tell that to me, at
7 least in conversation. It may have been I was
8 copied on an email, in which case we could look at
9 it, but I don't recall that either.

10 Q. Are you aware of any instance where
11 Telegram denied somebody an allocation in either
12 the first or second round because they obtained
13 information that that party was offering to sell
14 Grams to third parties?

15 A. I vaguely recall Ilya making some
16 references to "such and such should be excluded
17 because they may have looked at selling", or
18 something like that, but I don't remember any
19 details.

20 Q. Do you remember the name of the
21 investor?

22 A. No, I don't.

23 Q. This question I believe is slightly
24 different. I want to just ask you, do you
25 remember -- do you have any understanding as to

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1 whether Telegram ever revoked somebody's right to
2 receive Grams, after they had entered into a
3 purchase agreement, based on information that they
4 had received that that party was offering Grams in
5 a secondary market?

6 A. So have we revoked or canceled any
7 purchase agreements?

8 Q. Yes.

9 A. There have been several -- two
10 parts. There have been several purchase
11 agreements that have been canceled, as you
12 probably know, and there have been a number of
13 requests for assignments or transfers which have
14 been rejected.

15 Q. Do you recall, as you sit here
16 today, which rights to receive Grams have been
17 canceled?

18 MR. DRYLEWSKI: If you are asking the
19 individuals or the entities that are involved --

20 MR. McGRATH: Yes.

21 MR. DRYLEWSKI: -- I will just caution
22 the witness, if it is a foreign entity or
23 individual, that perhaps we have a conversation
24 off the record before that.

25 A. Well, they both are.

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1 MR. DRYLEWSKI: -- before those
2 identities are given.

3 MR. McGRATH: They are both foreign
4 investors?

5 A. Yes.

6 Q. Follow on question. You made
7 reference to requests that certain investors had
8 made to transfer their allocations to another
9 person or entity?

10 A. Correct.

11 Q. That had been had denied?

12 A. Yes.

13 Q. Were those requests from US or
14 foreign investors?

15 A. From both, requests that have come
16 from both US and foreign.

17 Q. Which US investors made requests to
18 reallocate or reassign their entitlement to Grams
19 that were denied?

20 A. I am trying to remember the names.
21 I mean there was an instance -- I can mention US
22 investors?

23 MR. DRYLEWSKI: Yes.

24 A. There was one I think, [REDACTED]
25 [REDACTED] I believe it is called, which actually just

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1 Ventures, in connection with your work at
2 Telegram?

3 A. Only Alexander, to the extent that
4 he has a shared role or responsibility or any ...

5 Q. Was the TON Blockchain ecosystem
6 ready to be launched as of October 31, 2019, as of
7 the day that the SEC filed its complaint in this
8 case?

9 A. May I just amend one thing. So for
10 completeness I have also met some of the others on
11 the TON Labs/Ventures team. Pavel Prigolvolko,
12 for example.

13 Q. And what is Pavel's role in
14 connection with TON Labs/TON Ventures, as far as
15 you understand?

16 A. I think he is more of a technical --
17 Alexander is more of a business development,
18 whereas Pavel is a technical expert. Sorry.

19 Q. That is fine. I will ask the court
20 reporter to read the question I put to you before
21 you clarified your prior answer.

22 (Read back)

23 MR. DRYLEWSKI: Objection to form. You
24 can answer if you understand.

25 A. Yes.

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1 Q. I will just get some water. What is
2 your basis for answering "yes" to that question?
3 How do you know that?

4 A. As you know, in early October, I
5 sent out a communication on behalf of Telegram to
6 all initial purchasers, essentially communicating
7 that we were ready to launch by the end of the
8 month, and setting out the procedures and the
9 process, in terms of how the distribution of Grams
10 would work mechanically and what steps the
11 investors needed to take.

12 Q. Understood. So your answer was that
13 you sent out communications to investors advising
14 them what you have just said. My question is how
15 did you know, what was the basis of your
16 information that the TON Blockchain was ready to
17 launch as of October 31, 2019, that formed the
18 communications that you sent? In other words, who
19 told you that or how did you know it?

20 A. Only the fact that we sent out this
21 official communication.

22 Q. Right. Did you draft that
23 communication?

24 A. No. I received the draft of the
25 communication and I may have made a few

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1 on a different topic. You testified earlier today
2 that at some point after the SEC filed its
3 lawsuit, on October 11, 2019, Telegram asked the
4 initial purchasers whether they would consent to
5 certain modifications of the purchase agreements,
6 including extending the termination date. Do you
7 remember me asking those questions?

8 A. I do.

9 Q. I think I asked you whether the
10 majority of the initial purchasers agreed to the
11 requested modifications and I think you answered
12 yes, they did. Is that a fair statement of your
13 testimony?

14 A. That is correct.

15 Q. Do you know how many initial
16 purchasers declined to agree to the extension that
17 was requested?

18 A. I know the percentages, because this
19 is the basis on which the consent was structured,
20 and under the agreement I know the percentages
21 that approved and declined to approve or failed to
22 reply, but I can't tell you the number of
23 investors, if that is your question.

24 Q. That was my question but I will
25 accept your percentages, if you can provide them?

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1 A. For the presale round, it was
2 roughly 70 percent that approved and 30 percent
3 that either didn't approve or simply failed to
4 respond. In the stage A round, it was roughly
5 90 percent, and the balance again largely failed
6 to reply.

7 Q. When you say the pre-stage round,
8 are you referring to what we have been referring
9 to as the first round of investors that entered
10 into the purchase agreements in February 2018?

11 A. That is correct.

12 Q. And when you refer to the stage A
13 investors, you are referring to what we have been
14 referring to as the second round investors who
15 entered into the purchase agreements in
16 March 2018?

17 A. That is correct.

18 Q. If I were to ask you to look at
19 Exhibits 1 and 2, would you be able to identify
20 which initial purchasers declined to agree to the
21 extensions. Instead of me asking if I were to
22 give you, let me just ask you to look at Exhibit 1
23 and 2, and to the extent you can identify the
24 entities that declined to agree to the extension?

25 A. I could, but if this is a question